



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
www.ladpw.org

JAMES A. NOYES, Director

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

September 26, 2002

IN REPLY PLEASE

REFER TO FILE: **FI-4**

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FINAL ACCEPTANCE OF PUBLIC WORKS' FINANCIAL ACCOUNTING SYSTEM (FAS)
ALL SUPERVISORIAL DISTRICTS
3 VOTES**

**CIO RECOMMENDATION: APPROVE ☒ APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the final acceptance of the completed FAS system installation and implementation under the provisions of the FAS Agreement with KPMG Consulting.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

This action is to obtain Board acceptance of the FAS system installation and implementation under the provisions of the FAS Agreement. All deliverables pursuant to the FAS Agreement are completed. Included as an enclosure is the Final Acceptance Sign-off Report as required by the FAS Agreement and signed by KPMG Consulting and the Director of Public Works.

In August 1997, the FAS Agreement was awarded to KPMG Peat Marwick to implement an integrated financial accounting system for the Department of Public Works at a cost of \$3,959,750, plus \$1,080,000 for ten years of basic maintenance support for the baseline software. Your Board approved additional amounts of \$200,000 in June 1998 and \$450,000 in December 1999 for programming assistance. In June 2002, \$2,424,250 for expanded maintenance and optional support services through 2009 was also approved.

The Honorable Board of Supervisors
September 26, 2002
Page 2

FAS was implemented on July 1, 1999, and the system has functioned successfully since that time as illustrated by three successful fiscal year-end closings and numerous internal and external audits that have been absent any material adverse findings.

FAS was needed to improve our financial information, continue efforts to migrate our computer systems from a mainframe to a client/server environment, and to make our financial system Year 2000 (Y2K) compliant. The system replaced four stand-alone systems (Financial, Inventory, Labor, and Fixed Assets), as well as introduced two additional integrated functional modules (Purchasing and Budget) to Public Works.

Final project acceptance was delayed due to the need to modify the software to conform system response time to contractual requirements and to incorporate into the software certain functionality and process improvements. The system is stable and is performing as specified in the Contract. The contractor's extended response time warranty is in effect until 12 months after final system acceptance. All Agreement deliverables have been completed.

Implementation of Strategic Plan Goals

The acceptance of the completed FAS Agreement is consistent with the County's Strategic Plan goals of service excellence, fiscal responsibility, and organizational effectiveness since FAS provides better information for decision-making purposes and increases efficiencies in transaction processing and services.

FISCAL IMPACT/FINANCING

FAS was implemented under budget with funding previously approved by your Board. A final payment of approximately \$77,000 will be made to the contractor upon Board approval.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Chief Information Officer has reviewed this final acceptance and concurs with the recommendation.

CONTRACTING PROCESS

Final acceptance of the FAS Agreement will constitute the completion of the contracting process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Final acceptance of the FAS Agreement by your Board will ensure the closeout of the contract pursuant to its provisions.

CONCLUSION

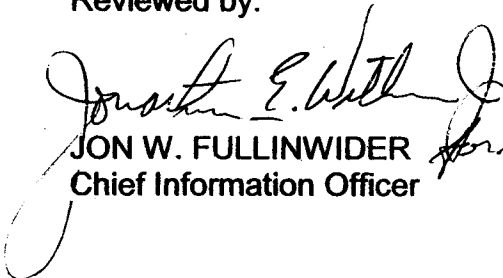
Please return two approved copies of this letter to Public Works.

Respectfully submitted,



JAMES A. NOYES
Director of Public Works

Reviewed by:



JON W. FULLINWIDER
Chief Information Officer

DD:tao
FASACCEPTANCE

Enc. (1)

cc: Chief Administrative Office
County Counsel
Chief Information Office

CIO ANALYSIS

FINAL ACCEPTANCE OF PUBLIC WORKS' FINANCIAL ACCOUNTING SYSTEM (FAS)
ALL SUPERVISORIAL DISTRICTS
3 VOTES

CIO RECOMMENDATION: ☐ APPROVE ☐ APPROVE WITH MODIFICATION
☐ DISAPPROVE

Contract Type:

☐ New Contract ☐ Contract Amendment ☐ Contract Extension
☐ Sole Source Contract ☒ Existing Contract

New/Revised Contract Term: Base Term: 3 Yrs # of Option Yrs 7

Contract Components:

☐ Software ☐ Hardware ☐ Telecommunications
☒ Professional Services

Project Executive Sponsor: Chuck Adams

Budget Information :

Y-T-D Contract Expenditures	\$4,735,034
Requested Contract Amount	\$0
Aggregate Contract Amount	\$8,114,000

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document? The technology is over six years old. The award was made in 1997, client server platforms were preferred. The IT direction is to use web based products and reduce the need for software on the client.

<input type="checkbox"/>	<input checked="" type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards? Preferred IT standards are web based, but system is client server and has been successfully implemented in DPW for the last three years.
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Project/Contract Description:

This action is to obtain Board acceptance of the FAS system installation and implementation under the provisions of the FAS Agreement. All deliverables pursuant to the FAS Agreement are completed. Included as an enclosure is the Final Acceptance Sign-off Report as required by the FAS Agreement and signed by KPMG Consulting and the Director of Public Works.

Background:

In August 1997, the FAS Agreement was awarded to KPMG Peat Marwick to implement an integrated financial accounting system for the Department of Public Works at a cost of \$3,959,750, plus \$1,080,000 for ten years of basic maintenance support for the baseline software. In June 1998, \$200,000 additional funds were allocated for programming assistance. In June 2002, your Board approved \$2,424,250 for expanded maintenance and optional support services through 2009.

Project Justification/Benefits:

FAS was implemented on July 1, 1999. The system replaced four stand-alone systems (Financial, Inventory, Labor, and Fixed Assets), as well as introduced two additional integrated functional modules (Purchasing and Budget) to Public Works.

Final project acceptance was delayed due to the need to modify the software to conform system response time to contractual requirements and to incorporate into the software certain functionality and process improvements.

Project Metrics

The FAS system has passed final acceptance and has had three successful fiscal year end closings. Public Works reports that the system is stable and is performing as specified in the contract. All Agreement deliverables have been completed. We requested and received a list of deliverables completed under this agreement from the department. They have indicated that this list of completed deliverables is the basis of their determination of full contract compliance and their recommendation for Final Acceptance.

Impact If Proposal Is Not Approved

N/A

Alternatives Considered:

None. Final acceptance should be approved.

Project Risks:

None. Project has been successfully implemented. The contractor's extended response time warranty is in effect until 12 months after final system acceptance.

Risk Mitigation Measures:

The final acceptance process mitigated against the risk of paying for a deliverable that DPW was not satisfied with.

Financial Analysis:

The FAS Contract's original maximum amount was \$3,959,750, plus maintenance of \$1,080,000 for a total of \$5,039,750. There were two supplemental amendments related to project implementation for \$200,000 and \$450,000 and a third amendment for expanded maintenance and supplemental services in the amount of \$2,424,250 for a total of \$8,114,000. Of that amount \$4,421,834 has been expended related to project implementation services and an additional \$313,200 of \$3,504,250 in maintenance costs have been expended.

Estimated Summary of FAS Expenditures as of 9/25/02

Description	Amount	Exps	Payable
Original Contract (7/97)	\$3,959,750	\$3,797,159	\$65,995
Supplement to Contract #1 (6/98)	200,000	200,000	0
Supplement to Contract #2 (12/99)	450,000	424,675	0
Total Base Contract	<u>\$4,609,750</u>	<u>\$4,421,834</u>	<u>\$65,995</u>
Original Contract-Maintenance (7/97)	\$1,080,000	\$ 313,200	\$10,800
Extended Main & Optional Support) (6/02)	2,424,250	0	0
Total Maintenance & Support	<u>\$3,504,250</u>	<u>\$ 313,200</u>	<u>\$10,800</u>
Grand Total	<u>\$8,114,000</u>	<u>\$4,735,034</u>	<u>\$76,795</u>

FAS was implemented with funding previously approved by your Board. A final payment of approximately \$77,000 will be made to the contractor upon Board approval.

CIO Concerns:

None.

CIO Recommendations:

Recommend that your Board approve final acceptance of the Public Works FAS contract.

CIO APPROVAL

Date Received: 9/24/2002

Prepared by: Howard Baker

Date: 9/26/2002

Approved: [Signature]

Date: 9/26/2002



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Suite 2000
Los Angeles, CA 90071-1568

Telephone 213 593 7900

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**Los Angeles County Department of Public Works
Financial Accounting System (FAS) Contract
Deliverable 10.9.6-Final Acceptance Test Sign-Off Report**

We corrected all problems identified in acceptance test discrepancy reports and Memoranda of Understanding, and completed all remaining deliverables in connection with the FAS Contract. All System Components interface and integrate with each other and with the Existing System in the approved operating configuration and operate in accordance with all applicable Specifications, the FAS Contract, and related Memoranda of Understanding. The Final System Test confirmed that production cycles processed by the System Components and production year-end closings are substantially error free.

We therefore respectfully request payment for all remaining deliverables plus interest as agreed in the Memorandum of Understanding, and a written certificate of completion from the County stating that the System has passed the Final System Test within thirty (30) days of the acceptance of this sign-off report as specified by the FAS Contract and related Memoranda of Understanding.

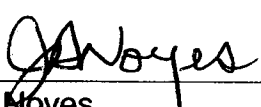
Signed



Michael Johnson
Managing Director
KPMG Consulting, Inc.

8/5/02
Date

Accepted



Jim Noyes
Director of Public Works
Los Angeles County
Department of Public Works

9/18/02
Date

